

Allowable and Unallowable SFSP Costs

IMPORTANT: Although not required to be reported on the claim form, all program related cost records must be maintained and available for audit or review. Cost documentation must support your claim for reimbursement.

Allowable Costs

Costs are expenses incurred when preparing, delivering, and serving meals for the SFSP, planning, managing, and organizing the program. These costs include, but are not limited to:

- **Food** - purchasing, obtaining, and storing.
- **Non-food supplies** - involved in preparation, serving and clean-up only.
- **Labor** - preparing meals, preparing menus, purchasing, ordering, delivering, and serving food, taking on-site meal counts, cleaning-up, completing the meal production records, supervising children during the meal service, administrative, clerical, monitoring, and bookkeeping.
- **Facilities** - rental of food service facilities and equipment, utilities, repairs of kitchen equipment only during the period of SFSP operation, rental of office space, and vehicles.
- **Trash disposal** - must be able to track food service trash costs separately
- **Transportation of food**
- **Transportation of children** - rural only
- **Establishing the eligibility** of children meeting the SFSP free meal family size and income guidelines
- **Use allowance** - for office equipment.
- **Office supplies**
- **Vehicle allowance** - mileage, parking expense
- **Communications** - telephone, postage, advertising
- **Insurance and indemnification**
- **Audits** - organization must receive more than \$300,000 in Federal funds for this expense to be allowable.
- Sponsors must collect funds for meals served to Nonprogram Adults. Refer to the MDE Adult Meal Pricing Worksheet to calculate meal price" [Resource Management \(michigan.gov\)](https://www.michigan.gov/ResourceManagement)

Camp sponsors must remember that they can only allocate a **portion** of their operating costs to the SFSP. Only the cost of meals served to children **eligible for free or reduced-price meals and Program adults are allowable**; the cost of meals served to others is considered unallowable. For each reporting period, camp sponsors need to allocate their operating costs based on eligibility. This does NOT apply to Program administrative costs.

Costs can include the cost of producing meals served to program adults who are performing meal service labor. If the sponsor chooses to serve meals to adults, the following rules must be observed:

- * If the number of meals is limited, **all children must be fed first.**
- * Meals served to children, program adults, and non-program adults must be counted and recorded separately on the daily meal count form.
- * A decision to serve meals to adults may require additional site staff to maintain program safety and integrity.

You should be allocating only the portion of the administrative costs incurred to the SFSP. If equipment or services were purchased for the sole use of the SFSP, then 100% of that cost would be allocated to

the SFSP. Prorate any administrative costs that are not 100% for the SFSP. For example, you might have an activities program or camp program and spend \$500 on office utilities. However, only 20% of the time spent on administrative work is related to the SFSP. The other 80% is spent on administrative work related to the activity or camp program. Therefore, only 20% of the utility bill (\$100) would be an SFSP expense.

Unallowable Costs

Examples of Unallowable costs include, but are not limited to:

- **Cost to purchase food** (including coffee, etc.) **for use outside the SFSP.**
- **Cost of meals served to administrative adult personnel**, or any other non-program adults.
- **More than one meal per meal service provided to a Program adult.**
- **Meals served in violation of Program regulations** - meals served outside approved serving times, meals or components consumed off-site or the cost of meals disallowed based on a USDA review.
- **Interest** on loans, bond discounts, costs of financing and refinancing operations, including legal and professional fees in connection there with
- **Entertainment** - costs of amusements, social activities, and incidental related costs such as costs incurred on field trips for meals, beverages, lodging, rentals, transportation, gratuities, etc.
- **Donated labor** - the value of volunteer labor or labor funded through other Federal, State, or local government programs.
- **Costs of spoiled or damaged meals**
- **Repayment of overclaims** and other Federal debts
- **Contributions to a contingency reserve** or any similar provision for unforeseen events
- **Fines or penalties** resulting from violations of, or failure to comply with Federal, State, or local laws or regulations.
- **Bad debts** which are losses arising from uncollectible accounts and other claims and related costs
- **Capital expenditures** including nonexpendable equipment.
- **Fund raising expenses** - financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions.
- **Rental or leasing costs** for buildings, facilities, or equipment if the rental agreement includes option-to-purchase, or for periods beyond the close-out date for Program operations.
- **Costs of purchasing land**, acquiring, or constructing buildings, or making alterations to existing buildings, or any charges for the use of land or buildings.
- **Repairs which materially increase the value or useful life of capital assets** (rebuilding of equipment worth \$500 or more). Improvements to facilities when those improvements are of a permanent nature or when the benefits derived from those improvements exceed the duration of Program operations.
- **Depreciation or use allowance** for publicly owned buildings and improvements.
- **Rental or leasing costs** may not be charged to the Program for buildings, food service equipment, or vehicles owned by the sponsor.
- **Rental or leasing fees** may not be charged to the Program **if fees exceed those normally charged** in the sponsor's locality for comparable buildings, food service equipment, and vehicles.
- For vended sponsors:
 - * **the cost of meals delivered by an FSMC to a non-approved site.**
 - * **meals served in excess of the approved CAP**
 - * **spoiled or unwholesome meals or**

* meals which do not meet meal requirements or quality standards.

Allowable SFSP Costs and Required Documentation

Cost	Documentation
Food <ul style="list-style-type: none"> • Purchases • Costs associated with getting food • Storing charges 	Food <ul style="list-style-type: none"> • Invoices • Delivery and grocery receipts • Canceled checks • Receiving reports • Refunds and discounts • Starting and ending inventories
Labor <ul style="list-style-type: none"> • Preparing menus • Purchasing/ordering food • Delivering food • Completing meal production records • Taking meal counts during meal service • Supervising/assisting children during meal service • Clean up after meal service • Supervising food service operations at the site or kitchen level, including the direct supervision of food service staff • Processing, transporting, storing and handling food and supplies and transporting equipment, food and supplies • Completing the SFSP application • Attending sponsor training • Conducting your own training for site and sponsor personnel • Conducting pre-operational visits, initial site visits and monitor site reviews • Reviewing free meals applications (enrolled sites and camps) • Consolidating meal counts • Paying food program bills • Payroll activity of summer food staff • Clerical activity • Completing claims for reimbursement • Your time working with MDE when a review is conducted, and time spent responding to the review 	Labor <ul style="list-style-type: none"> • Time and attendance documents • Payroll records including benefits • Time sheets showing name, activity, and amount of time spent
Office Costs <ul style="list-style-type: none"> • Telephone • Postage • Printing 	Office Costs <ul style="list-style-type: none"> • Bills • Receipts • Canceled checks

Michigan Department of Education
Office of Health and Nutrition Services
Summer Food Service Program



Cost	Documentation
<ul style="list-style-type: none"> • Rent (if special Summer Office needed and special space is rented) • Utilities used for administrative staff 	<ul style="list-style-type: none"> • Documented method of proration if cost needs to be shared with other programs • Rental agreement
Transportation <ul style="list-style-type: none"> • Travelling to training • Monitoring sites 	Transportation <ul style="list-style-type: none"> • Mileage records • Gas receipts • Basis for mileage charges
Other Costs <ul style="list-style-type: none"> • Non-food items (napkins, kitchen cleaning supplies, etc.) • Utilities for food service • Rental of facilities, equipment, vehicles • Transporting children (rural sites only) • Transporting food • Repairs of kitchen equipment 	Other Costs <ul style="list-style-type: none"> • Invoices • Grocery tapes • Delivery receipts • Canceled checks • Documented method of proration if cost needs to be shared with other programs • Mileage records • Gas receipts • Basis for mileage charges